

DISTRIBUTION  
**NOW**<sup>TM</sup>

**RIGSTORE**<sup>TM</sup>

*An Innovative  
Operating Model*



## Value Proposition

### **CAPITAL OUTLAY**

**ISSUE:** Contractor chooses what inventory to own

**VALUE:** Reduction in capital investment by leveraging shorebase and global DistributionNOW inventory

### **INVENTORY MANAGEMENT**

**ISSUE:** Contractor to manage all inventory on board and replenish

**VALUE:** Use contractor system – periodically reconcile with DistributionNOW system

**VALUE:** Inventory replenishment process on board through material planning

**VALUE:** DistributionNOW can provide people, processes and ERP capabilities

### **SHOREBASE INFRASTRUCTURE**

**ISSUE:** Full Shorebase paid for by contractor

**VALUE:** Utilize existing DistributionNOW shorebase infrastructure

**VALUE:** Contractor pays a portion of the scalable shorebase infrastructure

**VALUE:** DistributionNOW maintains backup inventory as needed to support operations

### **SETUP AND SHUTDOWN COSTS**

**ISSUE:** Contractor has full setup and shut down cost when rig moves

**VALUE:** Reduced setup and shutdown costs by DistributionNOW's infrastructure

### **SERVICE AND REPAIR**

**ISSUE:** Contract or personnel manage service and repair transactions

**VALUE:** DistributionNOW provides procurement personnel for services and repair work

### **SOURCING**

**ISSUE:** Contractor hires procurement team and procures items locally with limited leverage

**VALUE:** DistributionNOW leverages its domestic and international sourcing

### **ADMINISTRATION**

**ISSUE:** Contractor manages transactions with numerous suppliers

**VALUE:** DistributionNOW dramatically reduces transactional burden on contractor

## Storeroom

- On-board contractor inventory synchronization
- Alignment of material management practices
- MRO consumables, critical spares and capital spares
- Inventory replenishment system

### **Materials and Project Planning**

- Determine and manage inventory levels and optimization
- Develop materials supply plan with rig manager/offshore installation manager
- Utilize inventory planning to reduce and consolidate freight costs

### **Procurement**

- Stock replenishment and one-off/project purchases
- Expediting through DistributionNOW supply chain

### **Inventory and Warehouse Management**

- Transparent, accurate sourcing and inventory supply chain management
- Replenishment of customer-owned inventory
- Expediting, reporting and inventory visibility into the supply chain

## Shorebase

- DistributionNOW inventory for storeroom replenishment
- Material control practices
- MRO consumables, critical spares, capital spares, additional inventory from local inventory
- Procurement services, capital items, service and repair, miscellaneous

### **Procurement Support**

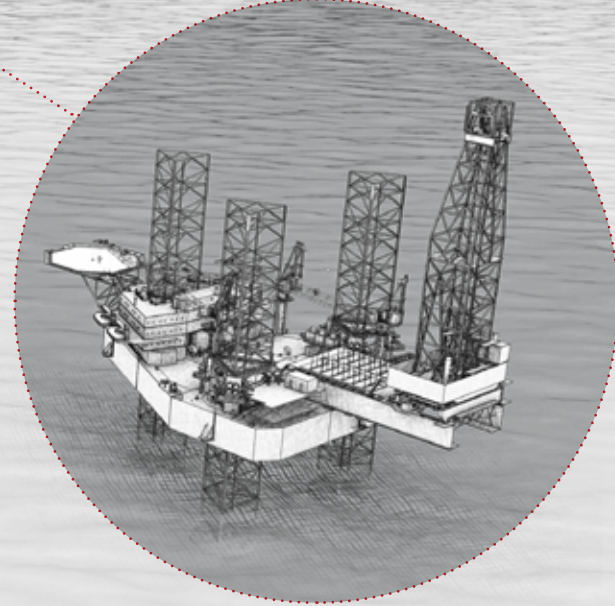
- Material replenishment and one-off/project purchases
- Expediting materials through DistributionNOW supply chain
- Management of equipment service and repair work

### **Logistics**

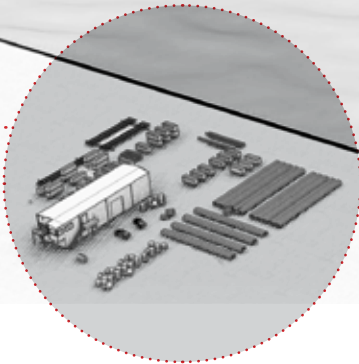
- Inbound materials logistics
- Product consolidation at shorebase
- Receipt, tagging and load out

### **Inventory and Warehouse Management**

- Manage back-up inventory levels to optimize rig fill rates
- Assistance with re-deployment and return of surplus goods
- Inventory consolidation
  - Leverage shared inventory
  - Reduce material on the rig
  - Manage critical spares



**RigStore™** is an innovative operating model geared to reducing inventory cost and managing the procurement process within the supply chain for drilling rigs operating offshore.



## Hub

- Special projects procurement and support
- On-site resources committed at customer's administration requirements

### Performance Management

- Develop plans for current and future rig needs
- Establish, monitor, and report performance indicators

### Contract and Pricing

- Contract compliance
- Competitive pricing assurance

### Process Management

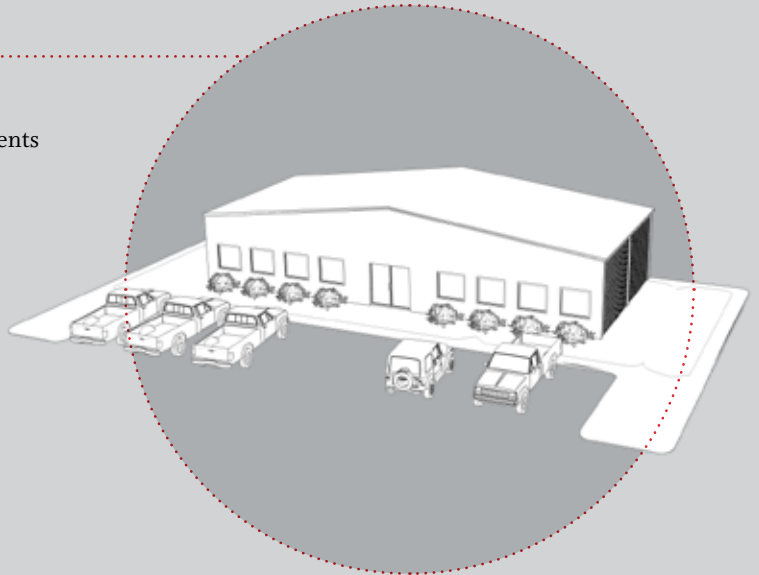
- Process documentation and training
- Process audit and compliance management

### Accounting

- Invoice processing and payment
- Inventory reconciliation

### Procurement

- Project buyers on demand locally





## DRILLING & PRODUCTION

### Drilling Products

OEM equipment  
Wireline, slings  
Tong dies, inserts  
Pipe wipers  
Fluid treatment  
Drilling fittings

Fluid end parts  
Drilling hose  
Drilling compounds  
Mud buckets  
Power end parts  
Elevators

### Production Equipment

Wellhead parts  
Blowout preventers  
Spill protection  
Chokes  
Surface pumps  
Storage compounds

### Artificial Lift

Rod pump systems,  
parts, accessories  
Progressing cavity pumps,  
parts, accessories  
Plunger lift equipment  
Variable frequency drives

### Power Transmission

Hydraulic hose, couplings  
Roller chain, sprockets  
Pneumatic hose, couplings  
Sheaves  
V-belts  
QD bushings  
Pneumatic clutches  
Rotor seals  
Shaft couplings



## PIPE, FITTINGS & FLANGES

### Pipe

Carbon steel  
seamless, ERW, DSAW, CW,  
low-temp, all spec/grades  
Stainless steel  
welded, seamless, instrument tube,  
grade 304/L, 316/L, duplex  
Chrome/Molybdenum  
grade P11, P22, P5, P9  
Resin-based fiberglass, polyethylene

### Fittings/Flanges

Carbon steel, including  
low-temp and high yield  
Stainless steel and alloy,  
grade 304/L, 316/L, duplex  
Resin-based  
fiberglass, polyethylene

### Gaskets/Fasteners

Spiral-wound  
Ring-type joint  
Heat exchanger  
Stud bolts  
Carbon and stainless steel  
Plated and Teflon-coated

### Paint/Coatings

Acrylics  
(solvent and waterborne)  
Epoxies  
(high build, high solids)  
Alkyds  
(oil-based enamels,  
high solids)  
Polyurethanes  
Tank linings



## VALVES & ACTUATION

### Valve Actuation Packages

Electrohydraulic  
Gas over oil, direct gas  
Scotch yoke  
Linear, electric, hydraulic  
Subsea  
Rack and pinion  
Electric fail safe  
Spring return/double acting  
Speed controllers

### Valves

API 6A gate  
API 6D ball, gate, plug  
Wafer/dual plate check  
Flange, thread, SW ball  
HF acid gate, globe, check  
Gate, globe, check  
Plug  
Choke  
Modular ball (DBB)

Cryogenic  
API 600/603 gate, globe, check  
API 602 gate, globe, check  
High-performance butterfly  
Resilient seated butterfly  
Triple offset butterfly  
Control valves  
Safety and pressure-relief valves  
Rebuilt control valves

### Instrumentation

Mechanical, electronic,  
diaphragm seal instruments  
Pressure gauges, sensors  
Temperature sensors  
Level sensors  
Gauge accessories  
Instrumentation valves,  
fittings, hose assemblies



## MILL, TOOL & SAFETY

### Mill/Industrial Supplies

Abrasives  
Adhesives, sealants  
Lubricants, solvents  
Janitorial supplies  
Material handling

Industrial MRO  
Drill bits, reamers, burs, cutters  
Taps and dies  
Cutting oils, fluids

### Hand/Power Tools

Hand tools and accessories  
Power tools and accessories  
Measurement/precision tools  
Hoists  
Torqueing tools

### PPE/Safety Supplies

Personal protective equipment  
Protective clothing, workwear  
Lockout/tagout  
Ergonomics  
Gas detection, instrumentation  
Spill control



## ELECTRICAL

### Cable

Onshore and offshore  
Marine and industrial

### Motors

Oilfield and industrial  
Explosion-proof  
Fractional  
Motor control

### Lighting

LED, HID, incandescent, fluorescent  
Marine  
Emergency

### Industrial Fittings

Conduit bodies  
Unions, couplings  
Hubs and seals

### Connectivity

Classified zone area  
Harsh area  
Pin and sleeve  
High amperage roughneck  
CSA, UL, NEMA, IEC, IEC Ex, ATEX  
Cable glands

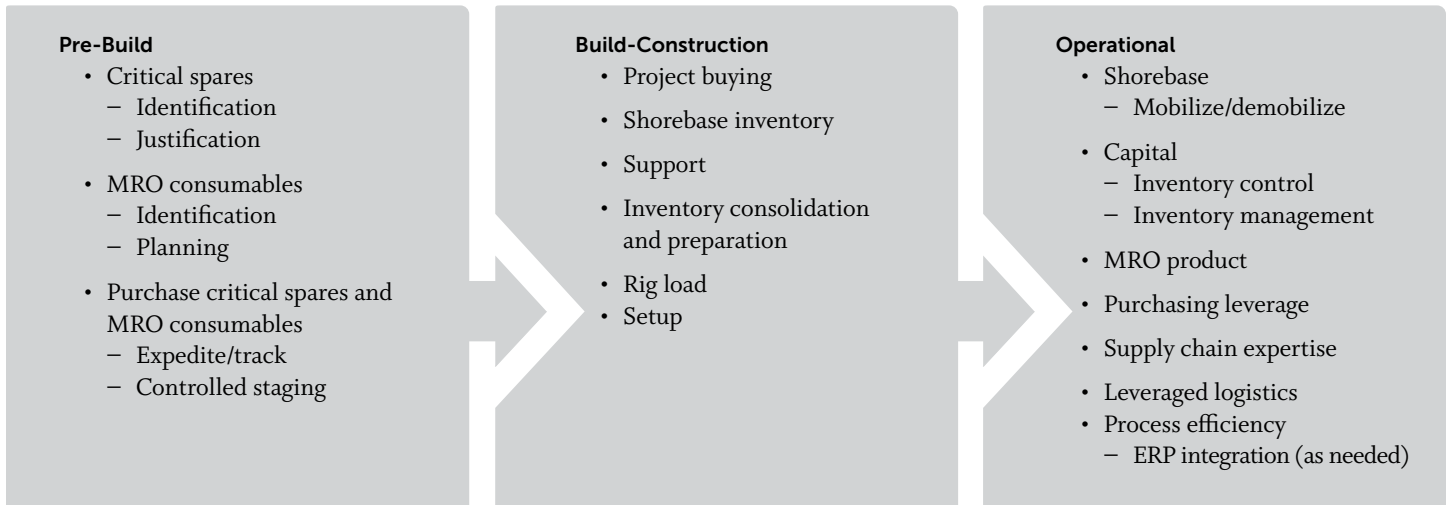
### Instrumentation

### Accessories

Grounding/earthing  
Cable ties, wraps, heatshrink  
Fasteners, lugs, terminations  
Cable trays and supports  
Enclosures

### Transformers

## Phases and Benefits



## KPI Report Metrics

**Customer Savings**

- Inventory (planning)
  - Stockouts
  - Buyouts
  - Turn rates
  - Inventory dollars (capital spares, MRO)
- Procurement
  - Leverage improvements
- Logistics
  - Value added/no cost
  - Ocean freight
  - Air (emergency)
- Infrastructure
  - Systems
  - Buildings
  - People

**Internal KPIs**

- Cycle times
- Compliance
  - Preferred vendor metrics
  - Material requisition (MR) versus goods receipt (GR)
- Vendor measurements
  - Delivery dates
  - Vendor invoice (purchase order date versus vendor invoice date versus purchase order GR)
- Expediting
- Freight forwarder
  - Purchase orders GR date versus rig purchase order GR date
- New item requests
  - New items
  - Items already set up
- Rig measurements
  - Cycle count compliance
  - Cycle count accuracy
  - Spot checks on inventory

**Sample Reports**

Overall spend data by time

Spend analysis by commodity

DISTRIBUTION  
**NOW**<sup>™</sup>

**Corporate Headquarters**

7402 N Eldridge Parkway

Houston, TX 77041 USA

(800) 228-2893

[www.distributionnow.com](http://www.distributionnow.com)



***WE WANT TO HEAR FROM YOU!***

Please send customer service comments  
and questions to [CP1@dnw.com](mailto:CP1@dnw.com)

© 2015 DistributionNOW  
All rights reserved.  
DNB-150121.00

DistributionNOW has produced this brochure for general information only, and it is not intended for design purposes. Although every effort has been made to maintain the accuracy and reliability of its contents, DistributionNOW in no way assumes responsibility for liability for any loss, damage or injury resulting from the use of information and data herein. All applications for the material described are at the user's risk and are the user's responsibility.